

Message Text

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ACTION STR-07

INFO OCT-01 IO-13 ISO-00 STRE-00 AF-10 ARA-10 EA-10
EUR-12 NEA-11 AGRE-00 CEA-01 CIAE-00 COME-00
DODE-00 EB-08 FRB-03 H-01 INR-10 INT-05 L-03
LAB-04 NSAE-00 NSC-05 PA-01 CTME-00 AID-05 SS-15
ITC-01 TRSE-00 ICA-11 SP-02 SOE-02 OMB-01 DOE-15
OIC-02 /169 W

-----097539 071617Z /41

P 071545Z JUN 78
FM USMISSION GENEVA
TO SECSTATE WASHDC PRIORITY 0543
INFO ALL EC CAPITALS

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USMTN, USEEC
ACTION STR PASS ELECTRICALLY
STR PASS CODEL

E.O.11652:N/A
TAGS: MTN, ETRD, EEC
SUBJECT: MTN: EC DEL COMMENTS ON U.S. REQUESTS FOR
GREATER-THAN-FORMULA CUTS

REF: GENEVA 7361

1. AS REPORTED EARLIER (REFTEL), EC DEL (DUGIMONT) COMMENTS AT OUR FIRST BILATERAL REVIEW OF U.S. GREATER-THAN-FORMULA REQUESTS WERE FAR FROM REVEALING. ON MOST ITEMS, EC DEL'S ONLY COMMENT WAS CONFIRMATION OF U.S. SUPPLIER POSITION AND TRADE IN 1976. WE ARE REPORTING BELOW EC DEL INITIAL RESPONSES TO OUR REQUESTS, BY U.S. INDUSTRY SECTOR.

2. ISAC 2 - EC DEL (DUGIMONT) STATED EC WOULD NOT REPLY
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TO U.S. REQUESTS UNLESS U.S. SIGNIFICANTLY IMPROVED ITS
OFFER IN THIS SECTOR, ESPECIALLY ON THE EXCEPTED HIGH
DUTY ITEMS.

3. ISAC 3 - EC DEL CHARACTERIZED EC INDUSTRY AS RURAL AND
BACKWARD, POSING REGIONAL SOCIAL AND ECONOMIC PROBLEMS FOR
CERTAIN MEMBER STATES. ON 44.15, EC FEELS IT WENT ABOUT

AS FAR AS IT COULD BY GRANTING TARIFF QUOTA CONCESSIONS IN XXIV:6 NEGOTIATIONS. ON 44.18, EC IS KEENLY INTERESTED IN RECYCLING AS MEANS OF PRESERVING ITS SCARCE RESOURCES. MAIN SUPPLIERS, ROMANIA AND CANADA, CAPABLE OF PUTTING PRICE SQUEEZE ON EC PRODUCERS.

4. ISAC 4 - EC DEL STATED THAT ALL U.S. REQUESTS WERE EXTREMELY DIFFICULT. TWO OF THE REQUESTS (4801C2 AND 4821B) WERE ON ITEMS SUBJECT TO XXIV:6 CONCESSIONS WHICH EC INDUSTRY HAD STRONGLY OPPOSED. EC DEL NOTED CURRENT EC ANTIDUMPING ACTION, AND CHARACTERIZED MARKET SITUATION AS ONE IN WHICH RAW MATERIAL PRICES WERE INCREASING, WHILE WORLD PRICES FOR FINISHED PRODUCTS WERE FALLING.

5. ISAC 5 - EC DEL STATED EC WITHDRAWALS PARTLY DUE TO DESIRE TO REESTABLISH BALANCE BETWEEN U.S. AND EC OFFERS IN CHEMICALS, BASED ON ABSENCE OF U.S. OFFER ON ASP ITEMS. HOWEVER, LARGE NUMBER OF INDUSTRIAL CHEMICAL WITHDRAWALS (E.G., 2911A2, 2914A2A) WERE DIRECTED AT EAST EUROPEAN SUPPLIERS WHO HAVE RECENTLY ENTERED THE MARKET. EC MIGHT CONSIDER POSSIBILITY OF RATE-MATCHING ON U.S. REQUEST ITEMS AFTER U.S. SPECIFIES ASP OFFERS.

6. ISAC 6 - EC DEL QUESTIONED U.S. REQUEST FOR DUTY-FREE ON INSULIN (2939B) SINCE U.S. ITSELF WAS NOT OFFERING TO GO TO ZERO. EC STATED SEVERAL REQUESTED ITEMS (2944A AND LIMITED OFFICIAL USE

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C; 3402) WERE COMPARABLE TO U.S. ASP ITEMS AND NO REPLY COULD BE GIVEN UNTIL U.S. ASP OFFERS WERE SPECIFIED.

7. ISAC 7 - EC DEL NOTED WE WERE REQUESTING ITEMS U.S. CLASSIFIES AS AGRICULTURAL (GELATIN), BUT EC WOULD STUDY FEASIBILITY OF IMPROVEMENTS.

8. ISAC 8 - EC DEL NOTED ABSENCE OF U.S. ASP OFFER HAD SOME EFFECT ON EC WITHDRAWALS. SEVERAL EC WITHDRAWALS ARE PARTIAL ON MANY IMPORTANT U.S. REQUESTS (3902).

9. ISAC 9 - EC DEL NOTED THAT THE EC IS VIEWED AS A SHOE EXPORTER BUT, IN FACT, TANNING IS ALSO AN IMPORTANT EC ENTERPRISE. EC PRODUCERS NOW SUFFERING BECAUSE OF DUAL PRICING BY CERTAIN (UNSPECIFIED) DEVELOPING COUNTRY EXPORTERS.

10. ISAC 10 - NO U.S. REQUESTS.

11. ISAC 11 - EC NOTED THAT U.S. WAS NOT MAJOR SUPPLIER FOR SEVERAL ITEMS (7318A; 7315B6) ON LIST. WE NOTED THAT THIS WAS A SECTOR IN WHICH LIKELIHOOD OF TRADE DIVERSION

WAS PRONOUNCED, AND THEREFORE OUR PARTICULAR CONCERN WITH
RATE EQUALIZATION IN CERTAIN PRODUCTS.

12. ISAC 12 - EC DEL CHARACTERIZED SECTOR AS CHRONIC
NEGOTIATING PROBLEM. DIFFERENTIALS IN ENERGY COSTS
AMONG COUNTRIES, AND SQUEEZE ON RAW MATERIAL SUPPLY/
PRICES MADE EC INDUSTRY WARY OF TARIFF CUTS. EC BELIEVES
IT NOW MAINTAINS ONLY MODERATE PROTECTION FOR THIS AILING
INDUSTRY.

13. ISAC 13 - EC DEL NOTED THAT FOR LONE U.S. REQUEST
(8203B), TAIWAN AND JAPAN ARE MUCH BIGGER SUPPLIERS TO EC.

14. ISAC 14 - EC DEL CLAIMED EC FEARS COMPETITION FROM
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EAST EUROPEAN PRODUCERS OF PRODUCTS IN 7329. ON 7332A1,

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ACTION STR PASS ELECTRICALLY
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PRODUCERS ARE SMALL FIRMS IN THE FRENCH JURA MOUNTAINS WHO NEED MORE PROTECTION THAN A DUTY OF 1.4 PERCENT AD VALOREM.

15. ISAC 15 - EC DEL ACKNOWLEDGED IMPORTANCE OF THIS SECTOR IN U.S. EXPORT TRADE, AND DREW ATTENTION TO FACT THAT EC HAD TAKEN NO WITHDRAWALS. IN AT LEAST ONE CASE (8701B), AN EAST EUROPEAN COUNTRY IS PRINCIPAL SUPPLIER. EC DEL ASKED FOR CLARIFICATION OF U.S. PRODUCT INTEREST IN REQUEST ITEMS 8406C2B1 AND 8406C2B2.

16. ISAC 16 - EC DEL WAS UNCERTAIN HOW DIFFICULT OUR REQUEST WOULD BE, BUT NOTED THAT JAPANESE MIGHT BE PRIMARY BENEFICIARY OF DUTY REDUCTION ON COMPUTER PERIPHERALS.

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17. ISAC 17 - EC DEL NOTED TWO ITEMS (8440B1 AND 8440B2; AND 8445C5B) WHERE EAST EUROPEAN EXPORTS POSED PROBLEM, BUT OTHERWISE MADE NO SUBSTANTIVE COMMENTS.

18. ISAC 18 - NO REQUESTS FOR IMPROVEMENT.

19. ISAC 19 - EC DEL ACKNOWLEDGED U.S. HISTORICAL PRINCIPAL SUPPLIER INTEREST, BUT NOTED LARGE AND GROWING MARKET INCURSIONS BY YUGOSLAVIA, POLAND, AND OTHER EAST EUROPEAN COUNTRIES. WE REQUESTED THAT EC DEL INFORM US AT FUTURE SESSION OF SPECIFIC PRODUCTS CURRENTLY IMPORTED FROM EAST EUROPE.

20. ISAC 20 - EC DEL WAS SURPRISED U.S. HAD ALSO ASKED FOR DIGITAL WATCHES. EC WOULD REPLY TO U.S. REQUEST WHEN WE COULD RESPOND TO ITS REQUEST ON WATCHES. FOR PRODUCTS IN 9028A, EC CLAIMS INDUSTRY IS JUST DEVELOPING IN MEMBER STATES, AND MODERATE PROTECTION IS NEEDED AGAINST LOW-COST SUPPLIERS OTHER THAN U.S.

21. ISAC 21 - NO REQUESTS FOR IMPROVEMENT.

22. ISAC 22 - EC DEL STATED THAT SEVERAL NEW EC PROJECTS IN SEMICONDUCTOR FIELD WOULD NOT PROVE VIABLE WITHOUT MODERATE LEVEL OF PROTECTION. EC ALSO ASSERTED THAT LARGE PERCENTAGE OF U.S. PRODUCTS BENEFIT FROM DUTY REMISSION ON RE-EXPORT. ON 8521A3, EC DEL CLAIMED JAPAN HAD BECOME PRINCIPAL SUPPLIER IN 1977.

23. ISAC 23 - ON 8606, EC DEL NOTED SMALL U.S. EXPORTS, AND FACT THAT YUGOSLAVIA IS PRINCIPAL SUPPLIER. EC DEL STATED THAT FURTHER CUTS ON 8406C2A2 AND 8901B2D MIGHT BE

LINKED TO U.S. ACTION ON SHIP REPAIRS DUTY AND JONES ACT.
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24. ISAC 24 - EC DEL VOLUNTEERED THAT FURTHER LIBERALIZATION SEEMED POSSIBLE, BUT JAPAN WOULD HAVE TO BE BROUGHT ALONG, AT LEAST AS FAR AS TO MAKE A FORMULA REDUCTION. EC INTERESTS EXTEND TO COMPONENTS (INCLUDING AVIONICS).

25. ISAC 25 - ON HEAVY DUTY TRUCKS, EC CLAIMED JAPAN HAD ENTERED MARKET AND WOULD POSE SUBSTANTIAL THREAT IN FUTURE.

26. ISAC 26 - EC DEL CITED GROWING COMPETITION FROM EAST EUROPEAN SUPPLIERS ON PRODUCTS IN 9706C.

27. DRAFTED BY MARSH. MCDONALD

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Message Attributes

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